



EUROJÄRJESTELMÄ
EUROSYSTEMET

REPORTING INSTRUCTIONS – SURVEY OF FOREIGN ASSETS AND LIABILITIES OF NONFINANCIAL CORPORATIONS, FINANCIAL CORPORATIONS AND CENTRAL GOVERNMENT (SV)

Version 1.2
Valid from 1 January 2011

1 January 2011

Version	Date	Valid	Changes
1.1	1 Jan 2010	1 Jan 2010	<ol style="list-style-type: none"> 1. More detailed instructions on margin deposits related to derivatives contracts: <ol style="list-style-type: none"> a. Reporting of margin received added to <i>Other liabilities</i> SVA.A.2.4 b. Reporting of margin related to derivatives contracts added to <i>Deposits</i> SVB2.A.1.4 c. Margin deposited added to <i>Other assets</i> SVB2.A.1.5 d. More specified information on deposit margin in section 7.2.1 Net payments to/from contracting parties
1.2	9 Dec 2010	1 Jan 2011	<ol style="list-style-type: none"> 2. Subtitles for intragroup liabilities and assets have been specified to include even fellow enterprises. The actual instructions have not changed. <ol style="list-style-type: none"> a. 8.1.1. Liabilities to foreign parent enterprises and fellow enterprises SVE.A.1 b. 8.2.2 Assets vis-à-vis foreign subsidiaries, associates, branches and fellow enterprises SVF.A.2 3. The introduction for the reporting instructions has been modified regarding use of collected data.

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1 INTRODUCTION

The Bank of Finland collects data from enterprises, financial institutions and insurance institutions, local government and central government on a monthly basis on foreign assets and liabilities. The data is used particularly by the Bank of Finland, Statistics Finland and the European Central Bank in the compilation of balance of payments, financial and national accounts statistics for Finland and the euro area. In addition, the data is used for carrying out the ESCB-related tasks (such as monetary policy and prudential oversight). The reporting requirement concerns direct assets and liabilities vis-à-vis nonresidents. In the compilation of the balance of payments for the EMU, assets and liabilities are separated by country.

Balance of payments statistics depict the external balance of the Finnish economy – ie the economic relationships between Finland and the rest of the world – and comprise two distinct statistical entities: the current account and the financial account. The current account depicts real flows, such as foreign trade in goods or services, while the financial account shows changes in assets and liabilities. Transactions are recorded in the balance of payments statistics on an accrual basis.

The Bank of Finland compiles the balance of payments report for Finland on a monthly basis. Overall responsibility for the compilation of balance of payments statistics lies with the Bank of Finland, although the actual compilation work is shared between the National Board of Customs, Statistics Finland and the Bank of Finland. The Bank of Finland collates data from the different subsectors and carries out quality control using the appropriate statistical methods. Balance of payments data are reported monthly to international organisations, of which the most important nowadays is the European Central Bank (ECB). Aggregate statistics are also published on the Internet at www.bof.fi/en/index.htm (*Publications/Statistical publications/Balance of payments*).

The Bank of Finland's authority to obtain information is based on the following legal provisions: section 28 of the Act on the Bank of Finland (214/1998) and Council Regulation (2533/98, as amended by Regulation 951/2009) concerning the collection of statistical information by the European Central Bank.

The survey of foreign assets and liabilities (SV) covers all foreign assets and liabilities, excluding foreign securities-based assets and liabilities and including intragroup foreign assets and liabilities. Foreign securities-based assets and liabilities are reported in the Bank of Finland's monthly survey 'Reporting instructions – survey of foreign securities-based assets and liabilities of nonfinancial corporations, financial corporations and central government (SAVE)'.

In addition to the SV survey, the Bank of Finland conducts an annual direct investment survey in which it collects information on the own capital of foreign subsidiaries and associates and of foreign-owned enterprises at-end-of-financial-year book value, and on

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changes in retained earnings during the financial year. Questionnaires concerning the preceding year are sent to reporting enterprises in February–March.

2 REPORTING

The obligation to report data for balance of payment purposes applies to resident enterprises, financial institutions, insurance corporations and general government entities selected for inclusion in partial coverage collections by the Bank of Finland. As a rule, a Finland-based group member subject to the reporting obligation is required to make separate reports. If, however, by way of exception, reports are submitted in respect of all the Finland-based members of a group, the ‘basic details’ section of each report must list all the group members covered and their respective business IDs.

Amounts are reported in millions of euro to two decimal places.

The surveys must be submitted to the Bank of Finland no later than the 15th business day of the month following the reporting month.

Technical questions should be addressed to the systems operator’s technical helpdesk (Itella Information Logistics, helpdesk@itella.net). Technical support services are accessible 24 hours a day in Finnish, Swedish and English. Please give ‘Monthly SV enquiry’ as a reference in your contacts with the helpdesk.

The Bank of Finland gives advice on data substance and other matters concerning the enquiry. Please address your questions in first place to maksutase@bof.fi. Personal email addresses have the following format: `forename.lastname@bof.fi`.

The survey comprises the following sheets:

SVInfo	Basic details on the reporting entity
SVA	Survey of foreign liabilities (excl. securities-based liabilities and intragroup liabilities)
SVB	Survey of foreign assets (excl. securities-based assets and intragroup assets)
SVC	Survey of derivatives contracts entered into with nonresidents
SVE	Survey of intragroup foreign assets and liabilities vis-à-vis a foreign parent enterprise
SVF	Survey of intragroup foreign assets and liabilities vis-à-vis foreign subsidiaries, associates and/or branches
SVG	Additional information on central government (central government sector reporters only)

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3 BRIEF REPORTING INSTRUCTIONS

Brief instructions on SV reporting are given below. More detailed instructions and definitions are given in sections 4–9.

3.1 Foreign liabilities SVA.A.2 (excl. securities-based and intragroup liabilities, see SVE and SVF)

Enter, on this sheet, all foreign liabilities except securities-based liabilities and intragroup liabilities. Liabilities are reported by country of counterparty. Trade credits, however, are only separated into euro area countries and non-euro area countries.

- Report, under *loans SVA.A.2.1*, non-negotiable loans based on bilateral loan agreements. Revolving credits are entered as they are drawn.
- Report, under *leasing credits (financial leasing) SVA.A.2.2*, leasing payments effected on foreign leasing objects.
- Report, under *trade credits SVA.A.2.3*, import-related suppliers' credits and export advances connected with trade in goods or services.
- Report, under *other liabilities SVA.A.2.4*, items that do not belong elsewhere in SVA.A.2.

3.2 Foreign assets SVB2.A.1 (excl. securities-based and intragroup assets, see SVE and SVF)

Report, on this sheet, all foreign assets except securities-based assets and intragroup assets. Assets are reported by country of counterparty. Trade credits, however, are only separated into euro area countries and non-euro area countries.

- Report, under *loans SVB2.A.1.1*, non-negotiable loans based on bilateral loan agreements.
- Report, under *leasing credits (financial leasing) SVB2.A.1.2*, leasing payments received on foreign leasing objects.
- Report, under *trade credits SVB2.A.1.3*, import advances and export claims connected with trade in goods or services.
- Report, under *deposits SVB2.A.1.4*, funds held in accounts with nonresident financial institutions and cash holdings of foreign currency.
- Report, under *other assets SVB2.A.1.5*, items that do not belong elsewhere in SVB2.A.1.

3.3 Derivatives contracts entered into with nonresidents SVC

Enter, on this sheet, both derivatives contracts entered into on exchanges abroad and nonstandardised, bilateral contracts entered into with nonresidents. Bilateral loan agreements entered into with a nonresident intragroup counterparty should also be reported here. The assets and liabilities stocks at the end of the reporting month are

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reported by country, according to the location of the derivatives exchange or counterparty.

3.4 Assets and liabilities vis-à-vis a foreign parent enterprise SVE

In this context, a foreign parent enterprise denotes a nonresident enterprise that has a (direct + indirect) holding or voting power of **10% or more** in the reporting entity. Amounts are reported by country, according to the location of the **immediate** parent enterprise. Trade credits are separated into euro area countries and non-euro area countries.

3.4.1 Liabilities to a nonresident parent enterprise SVE.A.1

- Report, under *shares and other equity SVE.A.1.1*, the foreign parent enterprise's equity investments in the reporting entity.
- Report, under *bonds SVE.A.1.2*, the foreign parent enterprise's holdings of negotiable bonds with original maturities of **more than** 12 months issued by the reporting entity.
- Report, under *money market paper SVE.A.1.3*, the parent enterprise's holdings of negotiable bonds with original maturities of **no more than** 12 months issued by the reporting entity.
- Report, under *loans and deposits (intragroup accounts) SVE.A.1.4*, loans drawn on the foreign parent enterprise, leasing credits connected with leasing objects leased from the parent enterprise and intragroup account liabilities to the foreign parent enterprise.
- Report, under *trade credits SVE.A.1.5*, import-related suppliers' credits and export advances connected with goods and services trade with the parent enterprise.

3.4.2 Assets vis-à-vis a nonresident parent enterprise SVE.A.2

- Report, under *bonds SVE.A.2.1*, the reporting entity's holdings of negotiable bonds with original maturities of **more than** 12 months issued by the parent enterprise.
- Report, under *money market paper SVE.A.2.2*, the reporting entity's holdings of negotiable bonds with original maturities of **no more than** 12 months issued by the parent enterprise.
- Report, under *loans and deposits (intragroup accounts) SVE.A.2.3*, loans extended to the foreign parent enterprise, leasing credits connected with leasing objects leased to the parent enterprise and intragroup account liabilities to the reporting entity.
- Report, under *trade credits SVE.A.2.4*, import advances and export claims connected with goods and services trade with the parent enterprise.

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3.5 Intragroup foreign assets and liabilities vis-à-vis foreign subsidiaries, associates and/or branches SVF

In this context, foreign subsidiary, associate or branch means a nonresident enterprise in which the reporting entity has a (direct + indirect) holding or voting power of **10% or more**. Amounts are reported by country, according to location of the enterprise. Trade credits are separated into euro area countries and non-euro area countries.

3.5.1 Liabilities to foreign subsidiaries, associates and/or branches SVF.A.1

- Report, under *bonds SVF.A.1.1*, the foreign subsidiary's, associate's or branch's holdings of negotiable bonds with original maturities of **more than 12 months** issued by the reporting entity.
- Report, under *money market paper SVF.A.1.2*, the foreign subsidiary's, associate's or branch's holdings of negotiable bonds with original maturities of **no more than 12 months** issued by the reporting entity.
- Report, under *loans and deposits (intragroup accounts) SVF.A.1.3*, loans drawn on foreign subsidiaries, associates and/or branches, leasing credits connected with leasing objects leased from a foreign subsidiary, and intragroup account liabilities to the aforementioned enterprises.
- Report, under *trade credits SVF.A.1.4*, import-related suppliers' credits and export advances connected with goods and services trade with foreign subsidiaries, associates and/or branches.

3.5.2 Assets vis-à-vis foreign subsidiaries, associates and/or branches SVF.A.2

- Report, under *shares and other equity SVF.A.2.1*, acquisitions abroad and other equity investments in foreign subsidiaries, associates and/or branches.
- Report, under *bonds SVF.A.2.2*, the reporting entity's holdings of negotiable bonds with original maturities of **more than 12 months** issued by foreign subsidiaries, associates and/or branches.
- Report, under *money market paper SVF.A.2.3*, the reporting entity's holdings of negotiable bonds with original maturities of **no more than 12 months** issued by foreign subsidiaries, associates and/or branches.
- Report, under *loans and deposits (intragroup accounts) SVF.A.2.4*, loans extended to foreign subsidiaries, associates and/or branches, leasing credits connected with leasing objects leased to foreign subsidiaries, associates and/or branches and intragroup account assets vis-à-vis the aforementioned enterprises.
- Report, under *trade credits SVF.A.2.5*, import advances and export claims connected with goods and services trade with foreign subsidiaries, associates and/or branches.

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3.6 Additional information on central government SVG

Reports are submitted by central government sector reporters only.

3.6.1 Liabilities SVG.A.1

- Report, under *promissory notes related to membership subscriptions SVG.A.1.1*, all liabilities reflecting promissory notes used by central government to pay subscriptions to international organisations and bodies that act as financial institutions.

3.6.2 Assets SVG.A.2

- Report, under *membership subscriptions SVG.A.2.1*, subscriptions that the central government is committed to pay to international organisations and institutions that act as financial institutions.
- Report, under *development credits SVGA.2.2*, loans granted to developing countries by central government.
- Report, under *remission of development credits SVG.A.2.3*, the amount pertaining to the reporting month.

3.6.3 Survey of ARAVA foreign financing SVG.A.3

- Report, under *loans SVG.A.3.1.1*, finance raised in connection with securities issued by nonresident special-purpose companies for ARAVA lending by the National Housing Fund.

3.6.4 Derivatives contracts related to ARAVA loans entered into with nonresidents SVG.A.4

Report here any derivatives contracts entered into in connection with ARAVA foreign financing.

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4 DEFINITIONS

4.1 Foreign assets and liabilities

Foreign assets are Finnish residents' assets vis-à-vis nonresidents. *Foreign liabilities* denotes Finnish residents' liabilities vis-à-vis nonresidents.

4.2 Residents and nonresidents

Residents are economic entities that engage in economic activities in Finland on a permanent basis and that have fixed premises in Finland from where they carry on their activities, eg offices or production plants. Economic activities are regarded as permanent if they continue for at least a year. Otherwise, activities are regarded as being conducted by nonresident economic entities.

In practice, all entities registered in Finland are regarded as resident entities. By way of exception, however, foreign branches of entities registered in Finland are regarded as nonresident. Correspondingly, Finnish branches of entities registered abroad are regarded as resident in Finland. Consequently, a foreign branch of a domestic financial institution is considered as nonresident and a Finnish branch of a foreign bank is considered as resident in Finland.

The Nordic Investment Bank (NIB), European Community institutions such as the European Investment Bank and other international organisations are regarded as nonresidents and have been provided with their own separate country codes.

4.3 Foreign securities-based assets and liabilities

Foreign securities-based liabilities are nonresidents' holdings of negotiable instruments issued by Finnish residents such as shares, bonds and money market paper.

Foreign securities-based assets are Finnish residents' holdings of negotiable shares, bonds and money market paper issued by non-residents as well as mutual fund shares registered abroad.

Bonds are negotiable debt instruments with an original maturity of more than 12 months. *Money market paper* are negotiable debt instruments with an original maturity of **no more** than 12 months such as commercial paper and certificates of deposit.

Derivative contracts entered into with non-residents are not classified as foreign securities-based assets or liabilities.

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4.4 Intragroup foreign assets and liabilities

Intragroup foreign assets/liabilities are assets/liabilities vis-à-vis the reporting entity and a foreign group member. A nonresident parent enterprise, subsidiary, associate or branch is classified as a foreign member of the same group as the reporting entity.

In this context, *foreign parent enterprise* is a nonresident enterprise that has a (direct + indirect) holding or voting power of **10% or more** in the reporting entity.

A *foreign subsidiary, associate or branch* is a nonresident enterprise in which the reporting entity has a (direct + indirect) holding or voting power of **10% or more**.

Branch is a unit that produces goods or services for at least one year and, though not a legally independent enterprise, is required to maintain separate accounting (profit and loss account and balance sheet).

Foreign fellow subsidiary is a nonresident enterprise that belongs to the same group as the reporting entity but is not owned by the group's parent enterprise through the same ownership chain.

Thus, **contrary to Finnish accounting legislation**, an associate in which the reporting entity has a 10–50% holding and a parent enterprise that has a 10–50% holding in the reporting entity are both classified as group members.

4.5 Assets and liabilities at the start and end of the reporting month

The asset and liability stock at the start and end of the reporting month should be reported at market prices. End-month stocks are converted into euro using the middle rates quoted by the European Central Bank (ECB) on the last day of the reporting month. The most common exchange rates are published on the Bank of Finland website at www.bof.fi/en/index.htm (*Exchange rates*).

Assets/liabilities at the start of the reporting month should correspond to assets/liabilities at the end of the preceding month. Assets and changes therein are related as follows: assets/liabilities at the start of the reporting month + net change + exchange rate changes + other valuation changes = assets/liabilities at the end of the reporting month.

4.6 Net change

Net change refers to purchases/sales or drawings/redemptions made during the reporting month. In calculating the net change, transactions should be valued at purchase or sale price on the transaction day. Non-euro transactions are converted into euro using the ECB's middle rate quoted on the transaction day.

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4.7 Exchange rate changes

Exchange rate changes refer to valuation changes in assets and liabilities due to exchange rate changes during the reporting month. An exchange rate change is positive when assets or liabilities increase and negative when they decrease.

4.8 Other valuation changes

Other valuation changes refer to changes that may have occurred in market prices or nominal values of assets/liabilities for reasons other than purchases, sales, net change or exchange rate changes. Such valuation changes arise eg from credit losses and changes in securities prices. An exchange rate change is positive when assets or liabilities increase and negative when they decrease.

4.9 Accrued interest

Interest should be reported on an accrual basis. The offsetting entry for interest accrued is an increase in the appropriate asset/liability, which is registered as a (positive) net change.

Interest accrued on an asset/liability is also included in the asset/liability stock. When interest is actually paid, this is recorded as a decrease in the appropriate asset/liability and is removed from the asset/liability stock. Interest paid is also registered as a (negative) net change.

An issue premium/discount is taken into account in connection with bond interest (SVE and SVF) by amortising it over the whole life of the bond.

- An issue discount is added to interest expenses and an issue premium is deducted from interest expenses.
- An issue discount (issue premium from the purchaser's viewpoint) is added to interest income under assets while an issue premium (issue discount from the purchaser's viewpoint) is deducted from interest income under bond holdings.

Interest expenses related to a zero-coupon bond or short-term discount instrument are calculated as the difference between nominal value and issue price and are amortised over the life of the bond/instrument. The offsetting entry is made under sales.

Interest accrued is converted into euro using the daily middle rates quoted by the ECB for the month concerned.

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4.10 Dividends

Intragroup dividends (SVE.A.1 and SVF.A.2) are reported on an accrual basis. Dividends paid to a foreign parent enterprise (SVE.A1) are reported in as the dividends are deducted from the equity capital included in the reporting entity's balance sheet, and dividends received from foreign subsidiaries or associates (SVF.A.2) are reported as the dividends are entered as income in the reporting entity's income statement.

4.11 Maturities

Assets and liabilities with **original maturities of more than 12 months** are classified as long-term assets and liabilities, as are assets and liabilities without fixed maturity.

4.12 Countries of counterparties

The *country of counterparty* is the immediate foreign debtor's or creditor's country of location.

Exceptions

- Trade credits are only separated into euro area countries and non-euro area countries. Euro area countries include in 2011: Austria, Belgium, Cyprus, Estonia, France, Germany, Greece, Ireland, Italy, Luxembourg, Malta, the Netherlands, Portugal, Slovakia, Slovenia and Spain. The ECB is also included in this category. International organisations are regarded as non-euro area countries.
- Where derivatives are concerned, contracts entered into on derivatives exchanges are reported according to the exchange's country of location and nonstandardised bilateral contracts according to the counterparty's country of location.

If the country of counterparty for any asset or liability changes as a result of transactions, this should be reported under *net change*. Other kinds of changes in the country of counterparty are reported under *other valuation changes*. Forthcoming changes due to EU enlargement are entered under valuation changes.

In addition to individual countries, the list includes some international organisations: the European Central Bank (ECB), European Union institutions and the Nordic Investment Bank (NIB).

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5 FOREIGN LIABILITIES (EXCL. SECURITIES-BASED LIABILITIES AND INTRAGROUP LIABILITIES) SVA.A.2

In the following reporting instructions, foreign liabilities cover all liabilities except securities-based liabilities and intragroup liabilities. Liabilities are broken down by country, according to location of counterparty. Trade credits, however, are only separated into euro area countries¹ and non-euro area countries according to location of counterparty.

Other liabilities (excl. leasing credits) are also classified as short-term or long-term liabilities. Contracts with maturities of no more than 12 months are classified as short-term, and contracts with maturities of more than 12 months as long-term liabilities.

5.1 Loans SVA.A.2.1

In this context, credits that involve a bilateral loan agreement between lender and borrower are regarded as loans. The debt instruments on which loan agreements are based are not negotiable. The lender may be a bank or a syndicate of banks. Drawings on loans are stated at full value without deduction for expenses and fees.

Drawings on syndicated loans are broken down by the country of location of the banks included in the syndicate according to relative shares of the loan. The corresponding shares of lender banks located in Finland are not stated.

Loans also include financing via sales (or delivery) of securities to nonresidents on the basis of repurchase or lending agreements.

Special cases

- Revolving credits are entered as they are drawn.
- When a foreign loan is taken out in the name of the reporting entity and the proceeds of the loan are not transferred to Finland but instead deposited in an account abroad held by the reporting unit, the following reporting rule applies: If the funds remain in the account on the last day of the reporting month, the loan is reported not only under *loans* but also in SVB2.A.1 under *deposits*.
- When a foreign loan is taken out in the name of the reporting entity and the proceeds of the loan are not transferred to Finland but instead are re-lent to a foreign subsidiary or used to finance an acquisition, the following reporting rule applies: The loan is reported not only in SVA.A2 under *loans* but also in

¹ The euro area countries are Austria, Belgium, Cyprus, Estonia, France, Germany, Greece, Ireland, Italy, Luxembourg, Malta, the Netherlands, Portugal, Slovakia, Slovenia and Spain. The European Central Bank (ECB) is also included in this category.

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SVFA.2 (assets and liabilities vis-à-vis foreign subsidiaries, associates and/or branches) under loans and deposits (intragroup accounts).

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5.2 Leasing credits (financial leasing) SVA.A.2.2

Drawings of leasing credits are calculated as the market value of the leasing object.

Periodic leasing payments made according to the terms of a leasing agreement are considered to include repayment both of principal and interest and are reported as prescribed in the agreement.

Repayments are calculated according to the terms of agreement except for the final month of the agreement. The repayment reported for the final month is equal to the liability of the preceding month.

The outstanding debt based on a leasing agreement can be calculated by deducting the sum of all principal repaid in preceding months (incl. the reporting month) from the market value of the leased object.

5.3 Trade credits SVA.A.2.3

Trade credits are credits connected with trade in goods and services, such as suppliers' credits (payment periods granted by nonresident suppliers), accounts payable and buyers' advances on future or ongoing deliveries.

5.4 Other liabilities SVA.A.2.4

All items that do not belong anywhere else in SVA.2 (ie under *loans*, *trade credits* or *leasing credits*) should be reported here, eg credit drawn on accounts held with financial institutions abroad, bill-of-exchange financing, liabilities based on payment time grants and payments in transit, insurance company deposits and reinsurance account liabilities. Margin received relating to (normally standardised) derivatives contracts and repaid to the payer at close of contract is also reported here.

Insurance companies' foreign underwriting reserves (insurance premium and indemnity liabilities) are not reported in this survey.

Special case

Accounts with an overdraft facility held with foreign financial institutions:

- Negative account balances should be reported in this item. Positive account balances are reported in SVB2.A.1 under *deposits*.

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6 FOREIGN ASSETS (EXCL. SECURITIES-BASED ASSETS AND INTRAGROUP ASSETS) SVB2.A.1

Foreign assets (SVB2.A.1) cover all assets except securities-based assets and intragroup assets. Assets are broken down by country, according to location of counterparty. Trade credits, however, are only separated into euro area countries and non-euro area countries, according to location of counterparty.

Other assets (excl. leasing credits) are also classified as either short-term or long-term assets. Assets with an original maturity of **no more than** 12 months are classified as short-term assets. Agreements with an original maturity of **more than** 12 months and assets without fixed maturity are classified as long-term assets.

6.1 Loans SVB2.A.1.1

Credits that involve a bilateral loan agreement between lender and borrower are reported under *loans*. The debt instruments on which loan agreements are based are not negotiable. Loans include promissory note loans and lending via purchases of securities from nonresidents on the basis of repurchase or lending agreements.

6.2 Deposits SVB2.A.1.4

Transaction accounts, fixed-term accounts, other deposit accounts at non-resident financial institutions and foreign currency cash holdings are reported under *deposits*. Currencies other than the euro are regarded as foreign currencies. End-month balances on foreign accounts are reported.

Deposits also include

- margin deposits related to derivatives contracts; margin deposited and received is also entered under *other assets* SVB2.A.1.5 (margin deposited) and *other liabilities* SVA.A.2.4 (margin received)
- entries in intragroup main accounts and subaccounts held with nonresident financial institutions that the reporting entity, in its own accounting, classifies as claims on financial institutions.

Special case

- Negative balances on accounts with overdraft facility, held with nonresident financial institutions, should be reported in SVA.2 under *other liabilities*.

6.3 Leasing credits SVB2.A.1.2

Assets connected with leasing objects leased to nonresidents should be reported here.

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Drawings of leasing credits (financial leasing) are calculated as the market value of the leasing object. Periodic leasing payments made according to agreement are considered to include repayment of both principal and interest and are reported as prescribed in the agreement. Repayments are calculated according to the terms of agreement except for the final month of the agreement. The repayment reported for the final month is equal to the liability of the preceding month. The outstanding debt based on a leasing agreement can be calculated by deducting the sum of all principal repaid in preceding months (incl. the reporting month) from the market value of the leased object.

6.4 Trade credits SVB2.A.1.3

Trade credits are credits connected with trade in goods and services, such as import advances (advances paid to nonresident suppliers) and claims in respect of sale or export of goods or services (payment periods granted to nonresident purchasers).

Export claims are reported at gross value, ie they include claims financed via export credits.

6.5 Other assets SVB2.A.1.5

All items that do not belong elsewhere in SVB are entered under *other assets*. These include:

- bills of exchange
- assets based on payment time grants
- payments in transit
- insurance company deposits and reinsurance account assets.

This item also includes margin deposited relating to (normally standardised) derivatives contracts and repaid to the payer at close of contract.

Insurance companies' foreign premium receivables are not reported in this survey.

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7 DERIVATIVES CONTRACTS SVC

Data on derivatives contracts entered into with nonresidents are collected for balance of payments purposes. Transactions and asset and liability stocks in respect of derivatives are reported separately from the underlying assets. Trades in underlying assets with nonresidents after performance of a derivatives contract are reported on other forms in the appropriate places (insofar as this involves assets or liabilities covered by balance of payments surveys).

Reporting covers both standardised derivatives contracts and nonstandardised, bilateral contracts (OTC derivatives). Reporting of derivative contracts also covers bilateral contracts entered into with nonresident counterparties belonging to the same group as the reporting unit. Derivatives contracts acquired via nonresident derivatives exchanges are treated as if entered into with nonresidents.

The following types of contract **are not** treated as derivatives for balance of payments purposes:

- fixed-price supplier contracts for goods and services, unless standardised and exchange-traded (eg commodity futures)
- insurance contracts
- guarantees and other collateral for loans
- a derivatives-type contract that is an integral and inseparable part of the underlying asset and can therefore be considered as having an impact on the value of the underlying asset (eg a contractual arrangement in connection with convertible bonds by which the investor is entitled to convert the bonds into shares of the issuing company).

All derivatives contracts made with nonresidents are shown as a single combined amount, without classification by instrument. Only the following data on these contracts are reported in SVC: net value of outstanding contracts at the start and end of the reporting month, gross values of outstanding contracts at the end of the reporting month, and changes in outstanding contracts during the reporting month. Changes in outstanding contracts are reported with a breakdown into net payments to/from contracting parties, exchange rate changes and other valuation changes. These are explained in more detail in 7.2.1 and 7.2.2 below.

Assets and changes therein are related as follows: net value of outstanding contracts at the start of the reporting month + net payments (to or from contracting parties) + exchange rate changes + other valuation changes = net value of outstanding contracts at the end of the reporting month.

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7.1 Gross values and net value of outstanding contracts

The gross value of outstanding contracts refers to the market value of contracts that are in effect (outstanding) at the end of the reporting month. The sum of the values of contracts with positive market values is entered as assets (+), and the sum of the values of contracts with negative market values is entered as liabilities (–).

From the viewpoint of the reporting entity, the market value of a contract is positive when the nonresident counterparty would incur a net payment liability to the resident reporting unit should the contract be settled immediately (ie at the end of the month in question). Correspondingly, the market value is negative when the resident reporting unit would incur a net payment liability to the nonresident counterparty.

The value of a derivatives contract **is not** reported as the value of its underlying assets.

In the reporting of assets and liabilities, derivatives contracts are treated on a gross basis. Thus contracts entered into with the same counterparty are not netted. If a contract is closed out by entering into an equal and opposite contract (ie income or expenses arising from the contract are fixed irrevocably prior to maturity date), the values of both contracts must be reported.

If the market value of a contract cannot be defined on the basis of a public price or interest rate quotation (OTC derivatives), the contract can be valued by, for example, applying a theoretical pricing model or by calculating the discounted present value of the remaining net flow of payments on the basis of the current market value of the underlying asset.

The net value of outstanding contracts is calculated on the basis of gross values by deducting liabilities from assets. The net value, with either a positive or negative sign, is reported as at the start and end of the month. The net value at the start of the reporting month equals the net value at the end of the preceding month.

The absolute values of outstanding contracts are classified by country, according to the location of the counterparty (OTC derivatives) or the location of the derivatives exchange (standardised derivatives).

7.2 Changes to outstanding contracts

7.2.1 Net payments to/from contracting parties

Payment flows (cash flows) realised during the reporting month from contracts entered into with nonresidents are shown in the appropriate *net payments* item. Payments reported here include premiums payable at the start of standardised derivatives contract periods, settlements made during the life of such contracts (non-refundable margin

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payments) and net settlements effected at the close of contract, as well as all net payments between parties in connection with non-standardised contracts.

If a contract results in delivery of the underlying item (as may be the case in connection with options, futures and forwards), the difference between the value of the underlying asset based on its current market price and its value based on the exercise or contract price is reported in the appropriate *net payments* item. The calculation methods and reporting principles that apply to different instruments are explained in more detail in 7.3.1, 7.3.2, 7.3.3 and 7.3.4 below.

Opposing payment flows based on a particular contract (to/from a contracting party) are netted for the reporting month. Such payment flows are also netted by contracting party and by instrument. Hence, **only one net amount paid or received** is included for the reporting month in the appropriate *net payments* item, according to the direction of the net payment. In either case the net amount is shown with a positive sign (or without a sign).

Excluded from net payments are margin deposits or other payments related to contracts (normally standardised) that are made to settlement accounts and repaid to the payer at close of contract. They are reported in SVB2.A.1.4 under *deposits*. Margin deposited and received is also reported in SVB2.A.1.5 under *other assets* (margin deposited) or in SVA.A.2.4 under *other liabilities* (margin received).

Also excluded from derivatives-related payments are brokerage fees or other service charges paid to banks, investment firms, etc upon acquisition or during the life of a contract.

7.2.2 Exchange rate changes and other valuation changes

Exchange rate changes and other valuation changes are reported according to the principles applied elsewhere in the SV survey (see 4.6 and 4.7 above).

7.3 Examples of how derivatives should be treated

7.3.1 Options

Premiums paid/received in buying or selling (writing) options and any net settlements received/paid at the close of contract are entered under *net payments*. In the case of certain standardised types of option (primarily interest rate options), any regular settlements (variation margins) effected during the life of the contract are also included.

If an option contract results in delivery of the underlying asset, the reporting procedure is as follows:

- (1) If the resident respondent is an **investor** (holder of an option) and if it is a question of a call option, the difference between the current market price of the underlying asset

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(times the amount of the underlying asset) and its exercise price (times the amount of the underlying asset) is considered equivalent to a payment from a nonresident contracting party for the purpose of calculating the monthly reportable net payment (see 7.2.1 above). In the case of a put option, the difference between the exercise price of the underlying asset (times the amount of the underlying asset) and its current market price (times the amount of the underlying asset) is considered equivalent to a payment from a nonresident contracting party. The purchase/sale of the underlying asset is reported at the current market price on other forms in the appropriate places (insofar as this involves assets or liabilities covered by balance of payments surveys).

- (2) If a resident reporting unit is the **seller** (writer) of an option and if it is a question of a call option, the difference between the current market price of the underlying asset (times the amount of the underlying asset) and its exercise price (times the amount of the underlying asset) is considered equivalent to a payment to a nonresident contracting party for the purpose of calculating the monthly reportable net payment. In the case of a put option, the difference between the exercise price of the underlying asset (times the amount of the underlying asset) and its current market price (times the amount of the underlying asset) is considered equivalent to a payment from a nonresident contracting party. The purchase/sale of the underlying asset is reported as explained in 1) above.

For balance of payments purposes, an option contract is always regarded as the investor's (holder's) asset and the seller's (writer's) liability; thus, in reporting the gross values of outstanding contracts, purchased options are included in assets (+) and written options in liabilities (-).

7.3.2 Futures

In the case of futures, margin payments made during the life of a contract are recorded as net payments. Because these payments are determined on the basis of valuation changes in a contract and are generally effected daily, there will normally be nothing to report on the gross and net values of outstanding contracts.

If a futures contract results in delivery of the underlying asset², the reporting procedure is as follows:

- 1) If the resident respondent is the **buyer** of a futures contract and the current market price of the underlying asset is higher than the contract price, the difference between the market price (times the amount of the underlying asset) and the contract price (times the amount of the underlying asset) is considered equivalent to a payment from a nonresident contracting party for the purpose of calculating the monthly reportable net payment (see 7.2.1 above). If the contract price of the underlying asset is higher than the current market price, the difference between the contract price

² This is possible for long-term contracts.

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(times the amount of the underlying asset) and the current market price (times the amount of the underlying asset) is considered equivalent to a payment to a nonresident contracting party.

- 2) If a resident reporting unit is the **seller** of a futures contract and the current market price of the underlying asset is higher than the contract price, the difference between the market price (times the amount of the underlying asset) and the contract price (times the amount of the underlying asset) is considered equivalent to a payment to a nonresident contracting party for the purpose of calculating the monthly reportable net payment. If the contract price of the underlying asset is higher than the current market price, the difference between the contract price (times the amount of the underlying asset) and the market price (times the amount of the underlying asset) is considered equivalent to a payment from a nonresident contracting party.

Transactions in underlying assets are reported as in the same way as for options (see 7.3.1 above).

7.3.3 Forward contracts (incl. FRAs) and foreign exchange swaps

With forward contracts, payments made between parties during the life and at the close of the contract are entered under *net payments*. Typical payments include net settlements effected at the close of bond forwards and forward rate agreements (FRAs).

In respect of currency forwards³, the contract normally results in the delivery of the underlying asset. The procedure is then as follows:

If the current market rate (spot rate) on the currency to be purchased (underlying asset) is higher than the contract price⁴, the difference between the spot rate (times the amount of the currency serving as the underlying asset) and the contract price (times the amount of the currency serving as the underlying asset) is considered equivalent to a payment from a nonresident contracting party for the purpose of calculating the monthly reportable net payment (see 7.2.1 above). If the contract price of the currency to be purchased is higher than the spot rate, the difference between the contract price (times the amount of the currency serving as the underlying asset) and the spot rate (times the amount of the currency serving as the underlying asset) is considered equivalent to a payment to a nonresident contracting party.

Foreign exchange trades themselves are reported in SVB2.A.1 under *deposits*. The amounts of the currency purchased (increase in assets) and the currency sold (decrease in assets) are converted into the reporting currency using the spot rates for the transaction day.

³ A foreign exchange trade is defined as a forward trade if the currency is delivered more than two business days after the trade date.

⁴ The contract price of a standardised currency forward refers here to the average of the purchase and sales prices (as does the spot rate).

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Where forwards other than currency forwards are concerned, and the underlying asset is delivered, the reporting procedure is the same as for futures (see 7.3.2 above).

At the start of a forward contract, the market value of the contract is zero. During the life of the contract, the market value of the underlying asset changes, and the value of the contract may be positive (asset) or negative (liability). In addition, the value may switch from positive to negative (or vice versa) during the life of the contract. The value of a nonstandardised forward contract can be determined by discounting the payment flows related to the contract.

A foreign exchange swap refers to a spot transaction in currencies linked with a reverse forward transaction. The forward leg of this type of transaction is reported as a currency forward.

7.3.4 Interest rate and currency swaps

An interest rate swap or a currency swap refers here to a contract under which the contracting parties agree to exchange payment streams (cash flows) linked with a specified notional principal amount according to a predetermined payment schedule. If the cash flows represent interest payments and are denominated in the same currency, it is a question of an interest rate swap. If the cash flows (and notional principal amounts) are denominated in different currencies, it is a question of a currency swap or cross-currency interest rate swap. An interest rate swap or a currency swap normally also involves the exchange of notional principal amounts at the close of the contract (sometimes also at the start). Repayments of principal are also possible during the life of the contract.

Contractual cash flows between contracting parties are netted and entered under *net payments*.

The value of a nonstandardised interest rate or currency swap can be calculated as the difference between the discounted present values of the remaining contractual cash flows at the appropriate reporting time (start or end of reporting month). The discount rate for calculating present value is the market interest rate applicable to the remaining period of the contract.

If a currency swap is based on an actual asset or liability (ie the contract can be identified with a specific asset or liability) and the exchangeable cash flows relate to both principal and interest, the value can also be determined as follows:

- (1) If an interest rate or currency swap is based on an **asset**, the value of the contract is reported as the difference (positive or negative) between the remaining principal amounts (incl. accrued interest) of the asset acquired via the contract and of the original (underlying) asset.

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- (2) If an interest rate or currency swap is based on a **liability**, the value of the contract is reported as the difference (positive or negative) between the remaining principal amounts (incl. accrued interest) of the original liability and the liability acquired via the contract.

If the underlying original asset or liability is a foreign one, it is reported as described in the original contractual terms in SVA or SVB under the appropriate type of asset or liability.

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8 INTRAGROUP FOREIGN ASSETS AND LIABILITIES

The SVE and SVF sheets cover both securities-based and intragroup assets and liabilities. By way of exception, derivative contracts entered into with non-resident group enterprises are reported in SVC.

Intragroup foreign liabilities based on bonds:

- A foreign group enterprise's holdings of negotiable bonds, issued by the reporting entity with an original maturity of more than 12 months, are reported under *bonds*.
- Net changes in bonds = sales of own bonds to nonresidents – repurchases of own bonds from nonresidents. Bonds issued abroad are reported at issue price and repayments according to existing loan terms. Issue premiums and discounts are amortised over the life of the bond as interest expenses. Repurchases or sales of own bonds issued abroad are shown according to purchase or sales price (incl. interest paid at purchase or interest received at sale).
- Outstanding bonds are entered at market value, including accrued interest, as at the last day of the month in question (*dirty price*).
- Changes in market prices are reported under *other valuation changes*.
- An issue of a zero-coupon bond is reported at issue price like other bonds. Repayments are reported at nominal value. The difference between nominal value and issue price is amortised over the life of the bond as interest expenses, which are entered under *interest accrued*.
- Conversions of convertible bonds into shares are regarded as bond repayments. Conversion is reported at market value.

Intragroup foreign assets based on bonds:

- Holdings of negotiable bonds issued by a group enterprise, with an original maturity of more than 12 months, are reported under *bonds*.
- Net changes in bonds = repurchases of own bonds from nonresidents – sales of own bonds to nonresidents. Purchases of bonds issued by nonresidents are reported at cost (incl. interest paid at purchase), and sales at sales price (incl. interest received at sale). Repayments are reported according to existing loan terms.
- Asset stocks are shown at market value, including accrued interest, as at the last day of the month in question (*dirty price*).
- Changes in market prices are reported under *other valuation changes*.
- Purchases of zero-coupon bonds directly at an issuance are reported at issue price. Purchases in the secondary market are reported at purchase price. Repayments received are reported at nominal value and sales at sales price. The difference between the nominal value (or sales price) of a bond and its issue price (or purchase price) is regarded as interest income for the investor. Such interest

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income is amortised over the life (or holding period) of the bond and reported under *interest accrued*.

- Conversions of convertible bonds into shares are regarded as bond repayments. Conversion is reported at market value.
- Bonds issued by foreign intragroup enterprises that have been sold (or delivered) on the basis of repurchase or lending agreements are reported under intragroup foreign loans.

Intragroup foreign assets and liabilities based on money market paper consist of debt instruments with a maturity of no more than 12 months, such as commercial paper, certificates of deposit and treasury bills. Money market paper is reported according to the same principles as bonds. Discount instruments are reported in the same manner as zero-coupon bonds.

Intragroup loans, trade credits and leasing credits, including related interest, are reported according to the principles applied to sheets SVA.A.2 and SVB2.A.1.

Special cases

- If, as a result of corporate acquisitions, the dependency relationship between the reporting entity and a foreign debtor/creditor changes to or from an intragroup relationship, the changes should be shown in the *net change* column of SVE and SVF.
- If the country of the counterparty vis-à-vis an intragroup asset or liability changes, this should be shown in the *net change* column.

8.1 Intragroup foreign assets and liabilities vis-à-vis a foreign parent enterprise SVE

Intragroup foreign assets and liabilities vis-à-vis a foreign parent enterprise are reported in SVE.A.1 and SVE.A.2. Amounts are reported by country, according to the location of the **immediate** parent enterprise. By way of exception, trade credits are only separated into euro area countries and non-euro area countries.

Foreign parent enterprise

A foreign parent enterprise is a nonresident enterprise that has a holding or voting power of **10% or more** in the reporting entity. All foreign enterprises through which a group's foreign parent enterprise owns the reporting entity are also regarded as foreign parent enterprises.

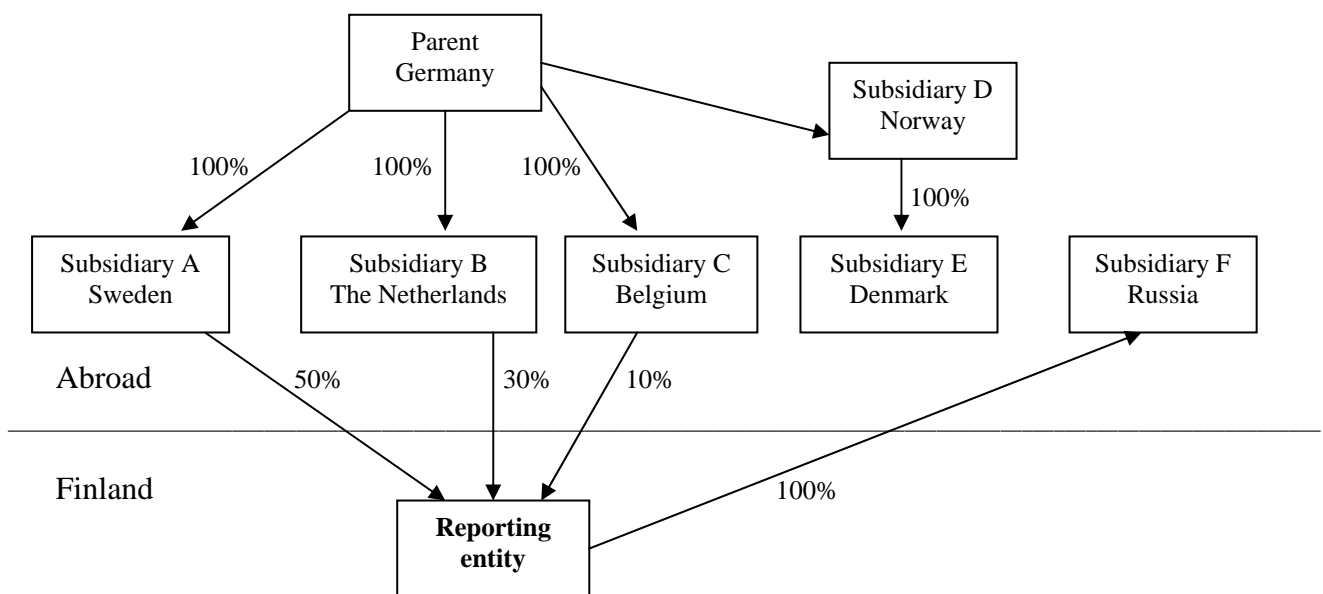
Special cases

- The reporting entity's **liabilities vis-à-vis foreign fellow subsidiaries** are also reported in SVE.A.1 (under *liabilities vis-à-vis a foreign parent enterprise*). The

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reporting entity's assets vis-à-vis foreign fellow subsidiaries are entered in SVF.A.2 (under *assets vis-à-vis subsidiaries, associates and/or branches*). A fellow subsidiary is an enterprise that belongs to the same group as the reporting entity but which is not owned by the group's parent enterprise through the same ownership chain. Amounts are reported by country, according to the location of the fellow subsidiary.

- If both the reporting entity and the foreign parent enterprise are non-insurance financial institutions, only equity investments and perpetual loans, ie those without fixed maturity, are reported. Other liabilities and assets are reported in SVA.A2 and SVB2.A.1, respectively.



The model reporting entity enters the following data in SVE:

- Liabilities and assets vis-à-vis the German parent enterprise.
- Liabilities and assets vis-à-vis the German parent enterprise's foreign subsidiaries A, B and C, through which the parent enterprise owns the reporting entity.
- Liabilities vis-à-vis the German parent enterprise's foreign subsidiaries D and E, which are foreign fellow subsidiaries of the reporting entity (assets are reported in SVF).

The model enterprise reports assets and liabilities vis-à-vis the Russian subsidiary F in SVF.

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8.1.1 Liabilities to foreign parent enterprises and fellow enterprises SVE.A.1

8.1.1.1 Shares and other equity SVE.A.1.1

A foreign parent enterprise's equity investments in the reporting entity during the reporting month are reported under *net changes*. Any repatriations of capital to the foreign parent enterprise are entered with a minus sign.

A foreign parent enterprise can make equity investments in the following ways:

- by subscribing for shares in the reporting entity in a private placement (reported inclusive of issue premium/discount)
- by granting group contributions to the reporting entity (eg unrequited payment of expenses incurred by the reporting entity, repayment of loans and coverage of losses).

Equity investments can be realised through the following transactions:

- as capital transfers or exchange of shares
- as conversions of accounts receivable
- as investments in kind, by transferring equipment or intangible rights (shares, patents, copyrights) to the ownership of the reporting entity.

Only net changes (no exchange rate or valuation changes or asset values at the start or end of the reporting month) need be reported in connection with equity investments.

Dividends (incl. branch profits) payable to a foreign parent enterprise are reported as *shares and other equity* under *dividends and interest accrued during reporting month* in SVE.A.1. Dividends are shown as of the reporting month during which the dividends have been deducted from the equity capital included in the reporting entity's balance sheet. Any liabilities connected with dividends are reported under *loans and deposits (intragroup accounts)* in SVE.A.1.

Equity investments and dividends are classified by country, according to location of the **immediate** foreign parent enterprise.

Special case

- Equity-equivalent subordinated loans are reported in SVE under *bonds or loans and deposits (intragroup accounts)*.

8.1.1.2 Bonds SVE.A.1.2

A foreign parent enterprise's holdings of negotiable bonds with original maturities of **more than** 12 months issued by the reporting entity are reported.

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8.1.1.3 Money market paper SVE.A.1.3

A foreign parent enterprise's holdings of negotiable bonds with original maturities of **no more than** 12 months issued by the reporting entity are reported.

8.1.1.4 Loans and deposits (intragroup accounts) SVE.A.1.4

Loans drawn on a foreign parent enterprise, leasing credits connected with leasing objects leased from the parent enterprise and intragroup account liabilities to the parent enterprise should be reported here.

Intragroup account liabilities are reported according to the reporting entity's own accounting methods. Only such main accounts and subaccounts of the foreign parent enterprise as are classified as liabilities vis-à-vis the parent enterprise in the reporting entity's own accounting should be shown as liabilities.

8.1.1.5 Trade credits SVE.A.1.5

Trade credits include import-related suppliers' credits and export advances connected with trade in goods and services. A nonresident enterprise is counterparty to the trade. Import-related suppliers' credits are payment periods granted by nonresident suppliers (accounts payable to nonresident suppliers), and export advances are nonresident buyers' advance payments on goods or services to be delivered later.

8.1.2 Assets vis-à-vis a foreign parent enterprise SVE.A.2

8.1.2.1 Bonds SVE.A.2.1

The reporting entity's holdings of negotiable bonds with original maturities of **more than** 12 months issued by the parent enterprise should be reported here.

8.1.2.2 Money market paper SVE.A.2.2

The reporting entity's holdings of negotiable debt instruments with original maturities of **no more than** 12 months issued by the parent enterprise should be reported here.

8.1.2.3 Loans and deposits (intragroup accounts) SVE.A.2.3

Nonnegotiable loans extended to a foreign parent enterprise, leasing credits connected with leasing objects leased to the parent enterprise and intragroup account assets vis-à-vis the parent enterprise are reported here.

Intragroup account liabilities are reported according to the same principles as applied in the reporting entity's own accounting. Only such main accounts and subaccounts of the the reporting entity as are classified as assets vis-à-vis the parent enterprise in the reporting entity's own accounting are shown as assets.

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8.1.2.4 Trade credits SVE.A.2.4

Trade credits include import advances and export claims connected with trade in goods and services. A nonresident enterprise is counterparty to the trade. Import advances (= advances paid to a foreign seller) and export claims (= payment period granted to nonresident purchasers) are connected with trade in both goods and services.

Export claims are reported at gross value, ie including claims financed via export credits.

8.2 Intragroup foreign assets and liabilities vis-à-vis foreign subsidiaries, associates and/or branches SVF

Intragroup foreign assets and liabilities vis-à-vis foreign subsidiaries, associates and/or branches are reported in SVF.A.1 and SVF.A.2. Amounts are reported by country, according to the location of the foreign subsidiary, associate or branch. By way of exception, trade credits are only separated into euro area countries and non-euro area countries.

Foreign subsidiaries, associates and/or branches

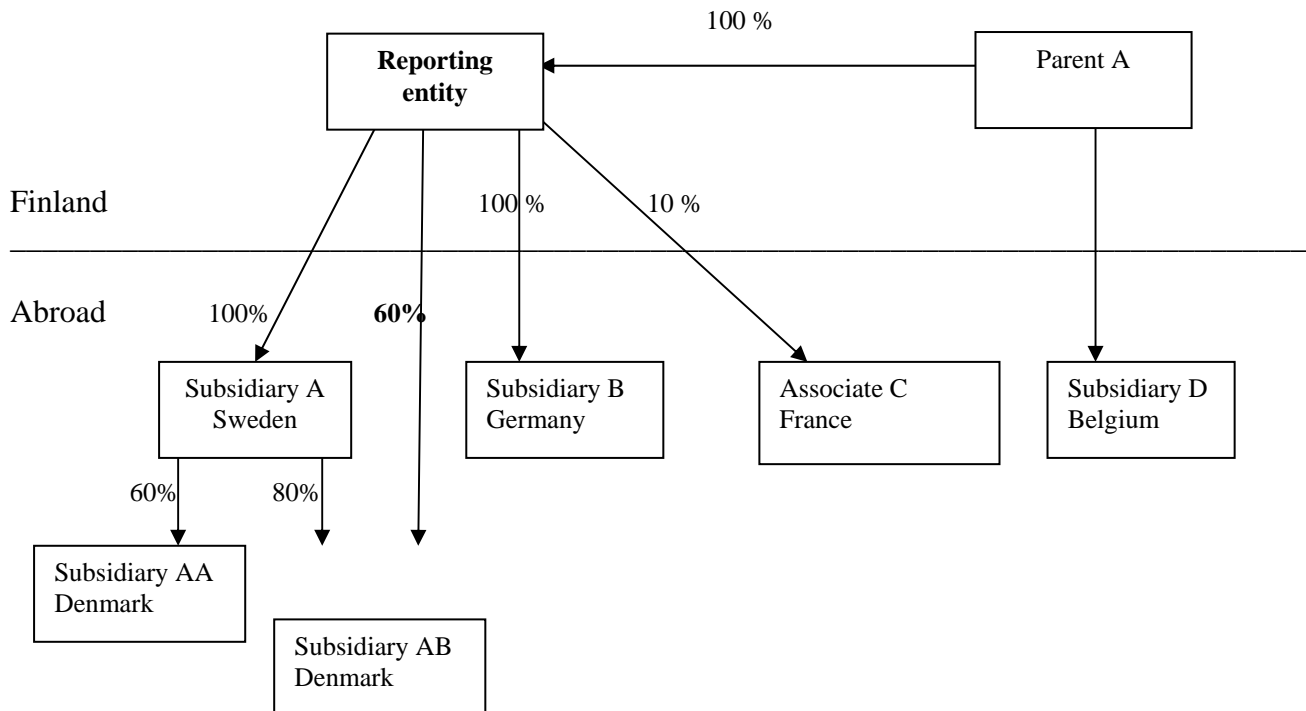
A foreign subsidiary, associate or branch is a nonresident enterprise in which the reporting entity has a (direct + indirect) holding or voting power of **10% or more**.

A branch is a unit that is intended to produce goods or services for at least one year and, although not a legally independent enterprise, is required to keep separate accounts (profit and loss account and balance sheet).

Special cases

- The reporting entity's **assets vis-à-vis foreign fellow subsidiaries** are also reported in SVF.A.2 (under *assets vis-à-vis foreign subsidiaries, associates and/or branches*). The reporting entity's liabilities vis-à-vis foreign fellow subsidiaries are entered in SVE.A.1 (under *liabilities vis-à-vis a foreign parent enterprise*). A fellow subsidiary is an enterprise that belongs to the same group as the reporting entity but which is not owned by the group's parent enterprise through the same ownership chain. Amounts are reported by country, according to location of the fellow subsidiary.
- If both the reporting entity and the foreign subsidiaries, associates and/or branches are non-insurance financial institutions, only equity investments and perpetual loans, ie those without fixed maturity, are reported. Other liabilities and assets are reported in SVA.A.2 and SVB2..A.1, respectively.

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The model reporting entity enters the following data in SVF:

- Liabilities and assets vis-à-vis the foreign subsidiaries A, B, AA and AB
- Liabilities and assets vis-à-vis the foreign associate C
- Assets vis-à-vis the Finnish parent enterprise's foreign subsidiary D, which is a foreign fellow subsidiary of the reporting entity (liabilities are reported in SVE).

8.2.1 Liabilities to foreign subsidiaries, associates and/or branches SVF.A.1

8.2.1.1 Bonds SVF.A.1.1

Foreign subsidiaries', associates' and/or branches' holdings of negotiable bonds with original maturities of **more than** 12 months issued by the reporting entity are reported.

8.2.1.2 Money market paper SVF.A.1.2

Foreign subsidiaries', associates' and/or branches' holdings of negotiable bonds with original maturities of **no more than** 12 months issued by the reporting entity are reported.

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8.2.1.3 Loans and deposits (intragroup accounts) SVF.A.1.3

Loans drawn on foreign subsidiaries, associates and/or branches, leasing credits connected with leasing objects leased from a foreign subsidiary and intragroup account liabilities to the aforementioned enterprises are reported.

Intragroup account liabilities are reported according to the same principles as applied in the reporting entity's own accounts. Only such main accounts and subaccounts of foreign subsidiaries, associates and/or branches as are classified as liabilities vis-à-vis these group members in the reporting entity's accounts are shown as liabilities.

8.2.1.4 Trade credits SVF.A.1.4

Trade credits include import-related suppliers' credits and export advances connected with trade in goods and services. In this context, a foreign subsidiary, associate or branch is counterparty to the trade. Import-related suppliers' credits refer to payment periods granted by nonresident suppliers (accounts payable to nonresident suppliers), while export advances refer to nonresident buyers' advance payments on goods or services to be delivered later.

8.2.2 Assets vis-à-vis foreign subsidiaries, associates, branches and fellow enterprises SVF.A.2

8.2.2.1 Shares and other equity SVF.A.2.1

Acquisitions and other equity investments in foreign subsidiaries, associates and/or branches during the reporting month are reported under *shares and other equity* in the *net change* column. Sales of shares and other equity repatriations from foreign subsidiaries, associates and/or branches are entered with a minus sign. Share purchases and sales are entered at actual purchase/sale price and subscriptions in connection with share issues are reported inclusive of issue premium/discount.

Equity investments in a foreign enterprise can be made in the following ways:

- by purchasing the enterprise's shares or business operations
- by subscription, in a private placement, of shares in an enterprise to be established or already in existence (subscriptions paid including issue premium/discount)
- by granting group contributions to the foreign enterprise (eg unrequited payment of expenses incurred by the enterprise, repayment of the enterprise's loans or coverage of its losses)
- by investment of long-term equity-equivalent capital (incl. branch capital or loss coverage) in a branch located abroad.

Equity investments can be realised through the following transactions:

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- actual capital transfers or exchange of shares
- conversions of accounts receivable or loans
- investments in kind, by transferring equipment or intangible rights (shares, patents, copyrights) to the ownership of the investee.

Only net changes (not exchange rate or valuation changes or asset values at the start or end of the reporting month) need be reported in connection with equity investments.

Dividends received from a foreign subsidiary, associate or branch (incl. branch profits) are reported in SVF as *shares and other equity* under *dividends and accrued interest during reporting month*. Dividends are shown as of the reporting month, ie when dividends are entered in the reporting entity's profit and loss account as income. Any assets connected with dividends are reported under *loans and deposits (intragroup accounts)* in SVF.A.2.

Equity investments and dividends are classified by country, according to the location of the **immediate** investee.

Special cases

- If a reporting enterprise's holding in a foreign enterprise increases from less than 10 per cent to more than 10 per cent during the reporting month, the entire holding at the start of the reporting month is reported for the reporting month at the current market value in the *net change* column under *shares and other equity*.
- If a reporting enterprise's holding in a foreign enterprise decreases from less than 10 per cent to more than 10 per cent during the reporting month, the entire holding at the start of the reporting month should during the reporting month be reported at the current market value in the *net change* column under *shares and other equity*.
- Reporting is also required when a foreign loan raised in the name of the reporting entity is invested directly in the equity of a foreign enterprise.
- Corporate acquisitions are reported for the month in which ownership changes. Liabilities and assets based on payment periods granted to the purchaser are reported in SVA.A.2 and SVB2.A.1.
- Reorganisations of intragroup holdings must also be reported. Any assets or liabilities based on payment time grants are reported under *loans and deposits (intragroup accounts)* in SVF.
- Equity-equivalent subordinated loans are reported in SVF under *bonds* or *loans and deposits (intragroup accounts)*.
- Write-downs of foreign shares in the reporting entity's balance sheet are not reported in this survey, not even as a net change in equity investments.

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8.2.2.2 Bonds SVF.A.2.2

The reporting entity's holdings of negotiable bonds with original maturities of **more than** 12 months issued by foreign subsidiaries, associates and/or branches are reported under *bonds*.

8.2.2.3 Money market paper SVF.A.2.3

The reporting entity's holdings of negotiable bonds with original maturities of **no more than** 12 months issued by foreign subsidiaries, associates and/or branches are reported under *money market paper*.

8.2.2.4 Loans and deposits (intragroup accounts) SVF.A.2.4

Nonnegotiable loans granted to foreign subsidiaries, associates and/or branches, leasing credits connected with leasing objects leased to foreign subsidiaries, associates or branches and intragroup account assets vis-à-vis the aforementioned enterprises are reported under *loans and deposits (intragroup accounts)*.

Intragroup account assets are reported according to the same principles as applied in the reporting entity's own accounting. Only such main accounts and subaccounts of the reporting entity as are classified as assets vis-à-vis foreign subsidiaries, associates and/or branches in the reporting entity's own accounting are shown as assets.

8.2.2.5 Trade credits SVF.A.2.5

Trade credits include import advances (= advances paid to foreign suppliers) and export claims (= payment period granted to foreign purchasers) connected with trade in goods and services. In this context, a foreign subsidiary, associate or branch is counterparty to the trade.

Export claims are reported at gross value, ie they include claims financed via export credits.

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9 ADDITIONAL INFORMATION ON CENTRAL GOVERNMENT SVG

9.1 Survey of ARAVA foreign financing

This sheet is for collecting information on central government loan assets securitised by nonresident special-purpose companies for the financing of loans granted by the National Housing Fund (ARAVA loans).

9.1.1 ARAVA foreign financing broken down by area SVG.A.3

Financing raised in connection with securities issued by nonresident special-purpose companies for ARAVA lending by the National Housing Fund should be reported here. These special-purpose companies include the subsidiaries of Fennica Holdings Ltd.

Interest payable on ARAVA loan assets held by special-purpose companies and resold to investors are reported on an accruals basis.

9.1.2 Derivatives contracts related to ARAVA loans entered into with nonresidents SVG.A.4

Derivatives contracts entered into with nonresidents in connection with ARAVA financing referred to in section 9.1 above are reported here. These are typically interest rate and currency swaps entered into with the special-purpose companies referred to above. The underlying liability is reported as in section 9.1.

Net and gross values of outstanding contracts and changes in outstanding contracts are shown according to the same principles as applied in SVC.

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APPENDIX 1: Useful links and contact details

As regards contents of surveys and for other details, please contact us by email at maksutase@bof.fi.

Personal email addresses have the following format: `firstname.lastname@bof.fi`.

The postal address of the Bank of Finland's Financial Markets and Statistics Department is:

Bank of Finland
PO Box 160
FIN-00101 HELSINKI
Finland

The fax number of the Financial Markets and Statistics Department is +358 10 831 2333.
The telephone number of the Bank of Finland is +358 10 8311.

Balance of payments and other statistical data as well as daily exchange rates are available on the Bank of Finland website at www.bof.fi/en/index.htm (Statistics). Information on statistical matters is also provided by the Bank's statistics desk, tel. +358 10 831 2090.

Itella HelpDesk is accessible 24 hours a day throughout the year.

- tel. +358 205 388 500
- helpdesk@itella.net

FOREIGN LIABILITIES (SVA) EUR m, two decimal places
(EXCL. SECURITIES-BASED AND INTRAGROUP LIABILITIES)

SVA.A.2 FOREIGN LIABILITIES (excl. Securities-based and intragroup liabilities)	SVA.B.2 Liabilities at start of reporting month	Changes in liabilities during reporting period			SVA.F.2 Liabilities at the end of reporting month	SVA.G.2 Interest accrued during reporting month	SVA.H.2 Check
		SVA.C.2 Net change	SVA.D.2 Exchange rate changes	SVA.E.2 Other valuation changes			
SVA.A.2.1 Loans	0,00	0,00	0,00	0,00	0,00	0,00	0,00
SVA.A.2.1.1 Long-term	0,00	0,00	0,00	0,00	0,00	0,00	0,00
SVA.A.2.1.2 Short-term	0,00	0,00	0,00	0,00	0,00	0,00	0,00
SVA.A.2.2 Leasing credits (financial leasing)	0,00	0,00	0,00	0,00	0,00		0,00
SVA.A.2.3 Trade credits total	0,00	0,00	0,00	0,00	0,00		0,00
SVA.A.2.3.1 Long-term	0,00	0,00	0,00	0,00	0,00		0,00
SVA.A.2.3.1.1 Euro area countries							0,00
SVA.A.2.3.1.2 Other countries							0,00
SVA.A.2.3.2 Short-term	0,00	0,00	0,00	0,00	0,00		0,00
SVA.A.2.3.2.1 Euro area countries							0,00
SVA.A.2.3.2.2 Other countries							0,00
SVA.A.2.4 Other liabilities	0,00	0,00	0,00	0,00	0,00	0,00	0,00
SVA.A.2.4.1 Long-term	0,00	0,00	0,00	0,00	0,00	0,00	0,00
SVA.A.2.4.2 Short-term	0,00	0,00	0,00	0,00	0,00	0,00	0,00

FOREIGN ASSETS (SVB) EUR m, two decimal places
(EXCL. SECURITIES-BASED AND INTRAGROUP ASSETS)

SVB2.A.1 FOREIGN ASSETS (excl. Securities-based and intragroup assets)	SVB2.B.1 Assets at start of reporting month	Changes in assets during reporting period			SVB2.F.1 Assets at the end of reporting month	SVB2.G.1 Interest accrued during reporting month	SVB2.H.1 Check
		SVB2.C.1 Net change	SVB2.D.1 Exchange rate changes	SVB2.E.1 Other valuation changes			
SVB2.A.1.1 Loans	0,00	0,00	0,00	0,00	0,00	0,00	0,00
SVB2.A.1.1.1 Long-term	0,00	0,00	0,00	0,00	0,00	0,00	0,00
SVB2.A.1.1.2 Short-term	0,00	0,00	0,00	0,00	0,00	0,00	0,00
SVB2.A.1.2 Leasing credits (financial leasing)	0,00	0,00	0,00	0,00	0,00		0,00
SVB2.A.1.3 Trade credits total	0,00	0,00	0,00	0,00	0,00		0,00
SVB2.A.1.3.1 Long-term	0,00	0,00	0,00	0,00	0,00		0,00
SVB2.A.1.3.1.1 Euro area countries							0,00
SVB2.A.1.3.1.2 Other countries							0,00
SVB2.A.1.3.2 Short-term	0,00	0,00	0,00	0,00	0,00		0,00
SVB2.A.1.3.2.1 Euro area countries							0,00
SVB2.A.1.3.2.2 Other countries							0,00
SVB2.A.1.4 Deposits	0,00	0,00	0,00	0,00	0,00	0,00	0,00
SVB2.A.1.4.1 Long-term	0,00	0,00	0,00	0,00	0,00	0,00	0,00
SVB2.A.1.4.2 Short-term	0,00	0,00	0,00	0,00	0,00	0,00	0,00
SVB2.A.1.5 Other assets	0,00	0,00	0,00	0,00	0,00	0,00	0,00
SVB2.A.1.5.1 Long-term	0,00	0,00	0,00	0,00	0,00	0,00	0,00
SVB2.A.1.5.2 Short-term	0,00	0,00	0,00	0,00	0,00	0,00	0,00

DERIVATIVE CONTRACTS (SVC) EUR m, two decimal places

SVC.A.1 DERIVATIVE CONTRACTS ENTERED INTO WITH NONRESIDENTS	SVC.B.1 Net value of outstanding contracts at start of reporting month	Net value of outstanding contracts at start of reporting period				SVC.G.1 Net value of outstanding contracts at end of reporting month	SVC.H.1 Gross values of outstanding contracts at end of reporting month Assets (+)	SVC.I.1 Gross values of outstanding contracts at end of reporting month Liabilities (-)	SVC.J.1 Net change	SVC.K.1 Check	SVC.L.1 Net value of outstanding contracts (gross assets - gross liabilities)
		SVC.C.1 Net payments to contracting parties	SVC.D.1 Net payments from contracting parties	SVC.E.1 Exchange rate changes	SVC.F.1 Other valuation changes						
SVC.A.1.1 Total						0,00	0,00	0,00	0,00	0,00	

